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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 21, 2009

Certified Return Receipt
7003 2260 0002 0247 8898

Daniel Sheppard
Goldterra, Inc
4088 East Airport Road
P.O. Box 783
Price, Utah 84501

Subject: Deficient Reclamation Surety, Goldterra, Black Butte Mine, S/015/0080, Emery County, Utah

Dear Mr. Sheppard:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Black Butte Mine. The surety amount was determined in 2006 and escalated to 2009 dollars. Your current reclamation surety is \$5400.00 which the Division is holding in a certificate of deposit. The Division has recalculated the surety based on your permitted area of one acre to be:

\$7400 escalated for 3 years (surety amount next reviewed in 2012) OR
\$7600 escalated for 5 years (surety amount next reviewed in 2014)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Daniel Sheppard
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

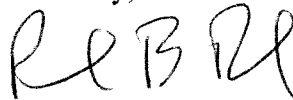
\$2000 for 3-year escalation OR
\$2200 for 5-year escalation

There is some confusion on your revised Notice of Intention to Commence Small Mining Operations (NOI), dated April 2007. On page 4 under the heading, Total proposed surface acreage to be disturbed, the NOI says there would be 5 acres or less, but other parts of the NOI says the disturbance would be less than one acre. Could you please clear up this discrepancy with an amendment to the NOI? Please submit the amendment using replacement pages and form MR-REV-SMO/EXP available on the Division's web page. If the planned disturbed area is greater than one acre, the surety amount will be adjusted from that shown above.

Please submit the appropriate amendment no later than January 14, 2010. The increased surety needs to be received by February 15, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,



Paul Baker
Minerals Program Manager

PBB:jr:pb

cc: Will Stokes, SITLA

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